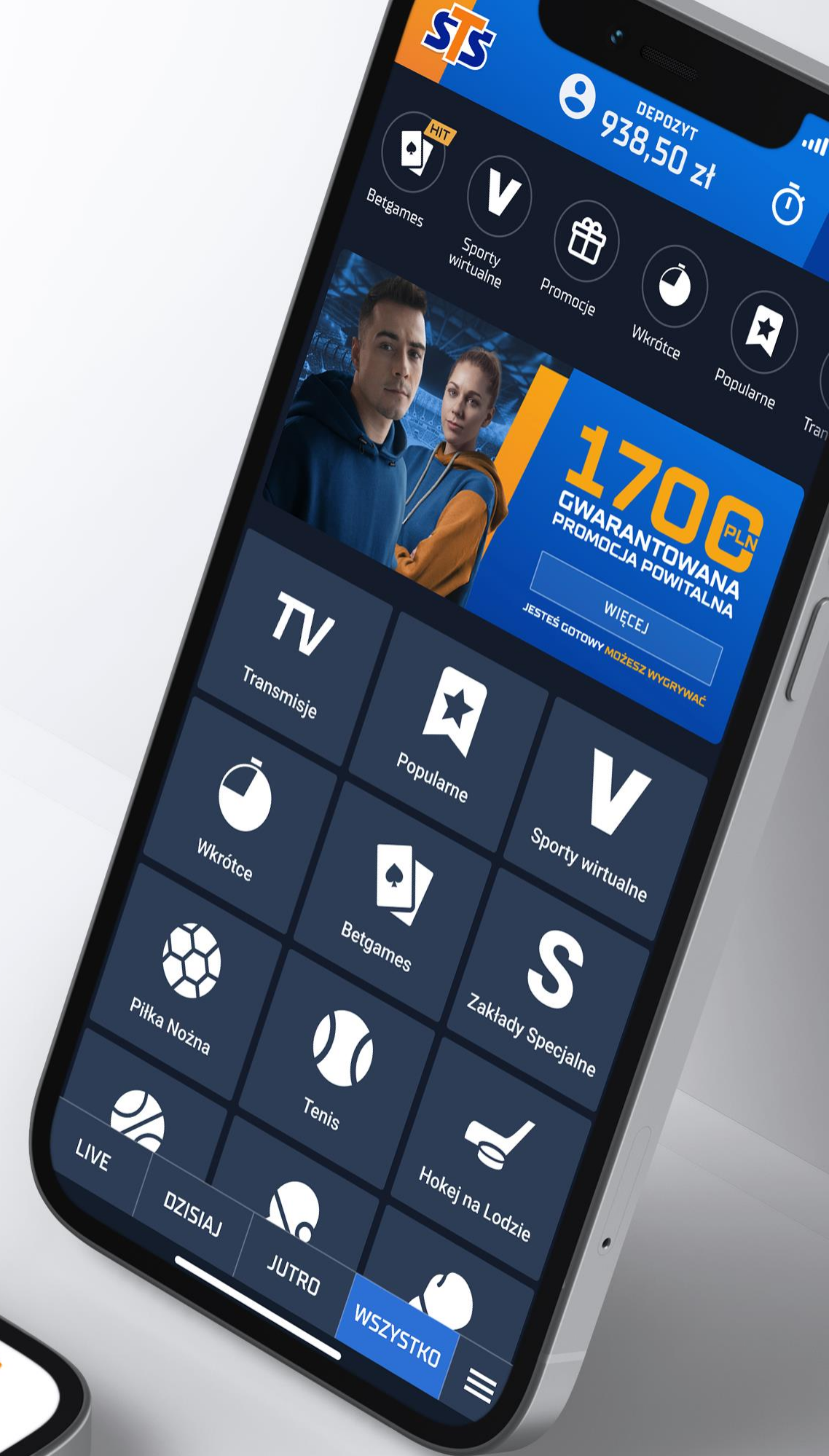
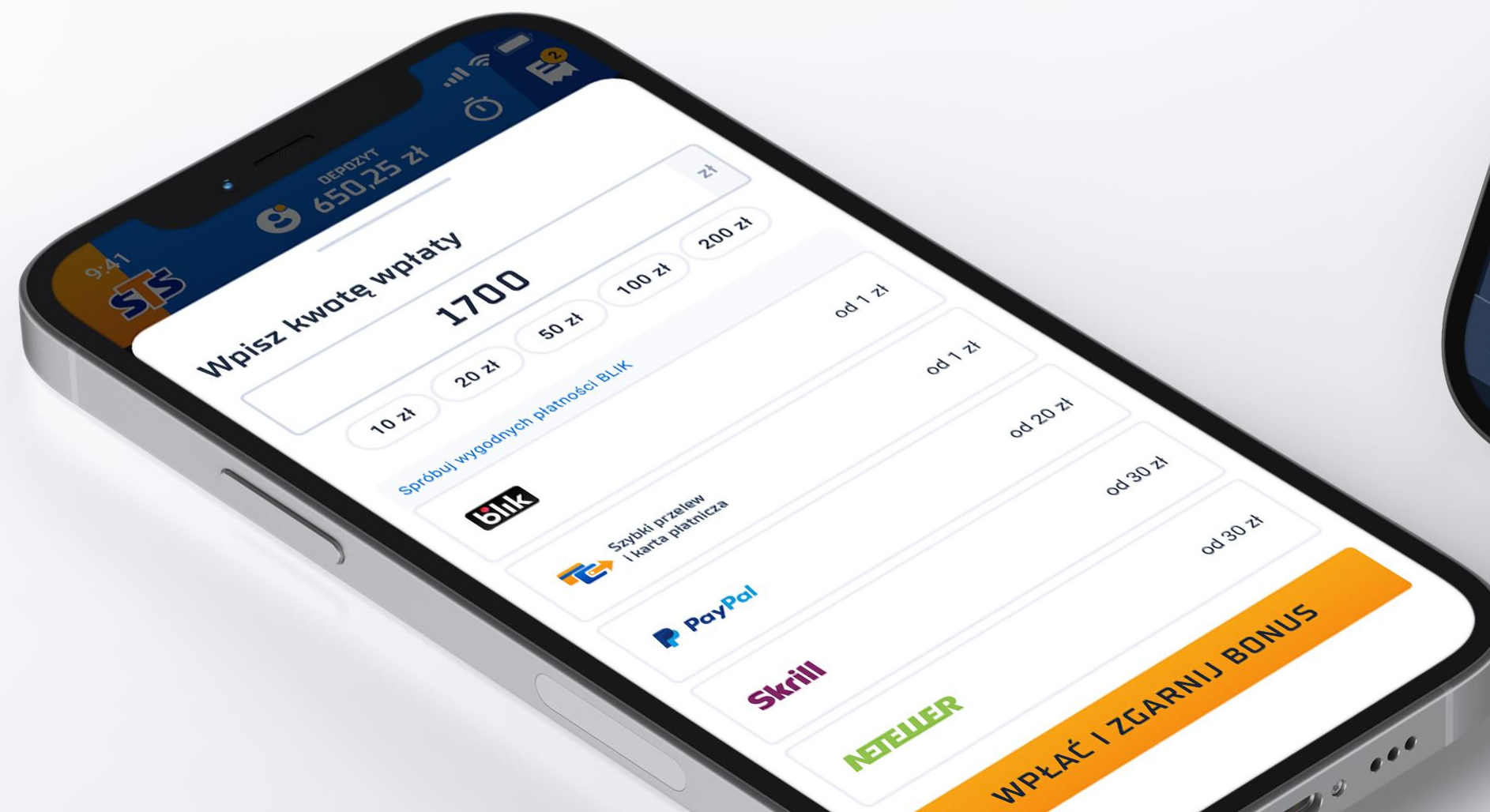




# H1 2022 Results

September 2022

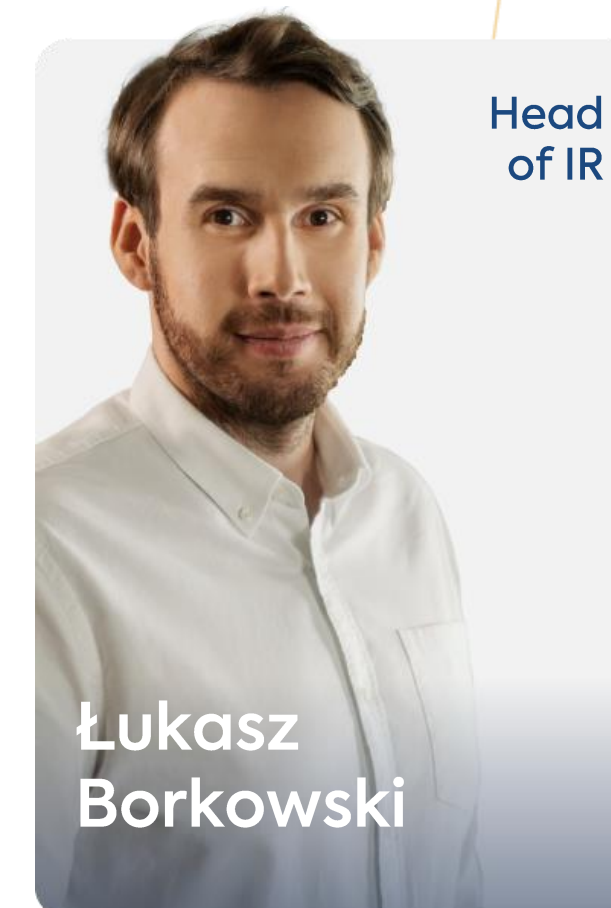
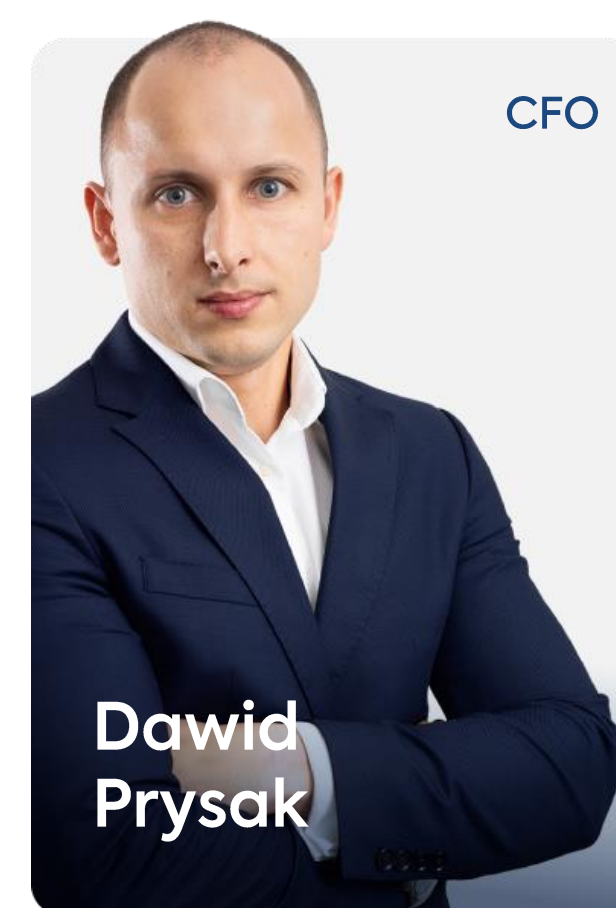
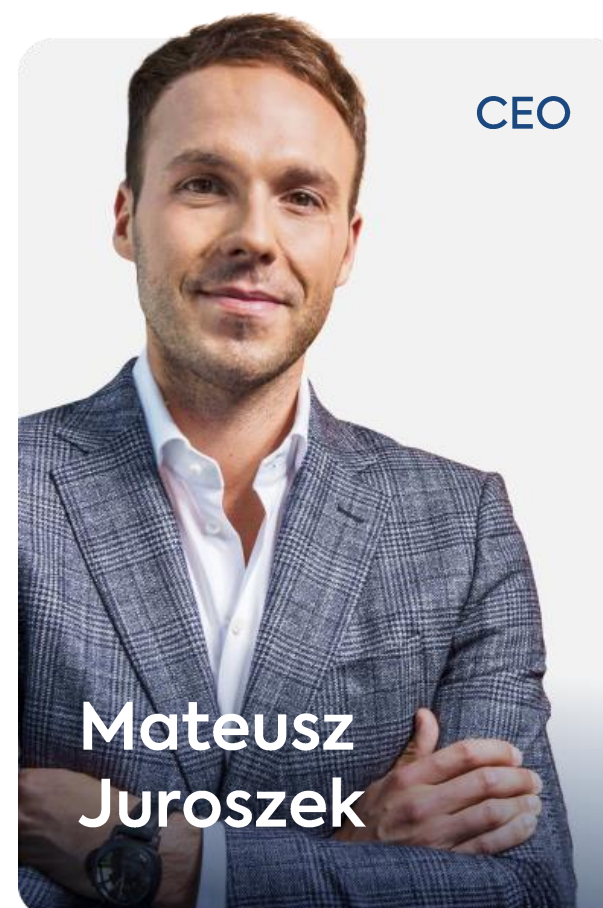
[www.stsholding.pl](http://www.stsholding.pl)



# Agenda

- 01. Business update H1 2022
- 02. Financial update H1 2022
- 03. Q&A
- 04. Appendix

# Today's Presenters





# H1 2022 Summary

## Outstanding business profile

**PLN 548m**

GGR

**PLN 296m**

NGR

**39,4%**

EBITDA margin\*

## Best customer reach and product

**PLN 2.189bn**

Amounts staked

**1.677m**

Registered players

**81,6%**

Online NGR





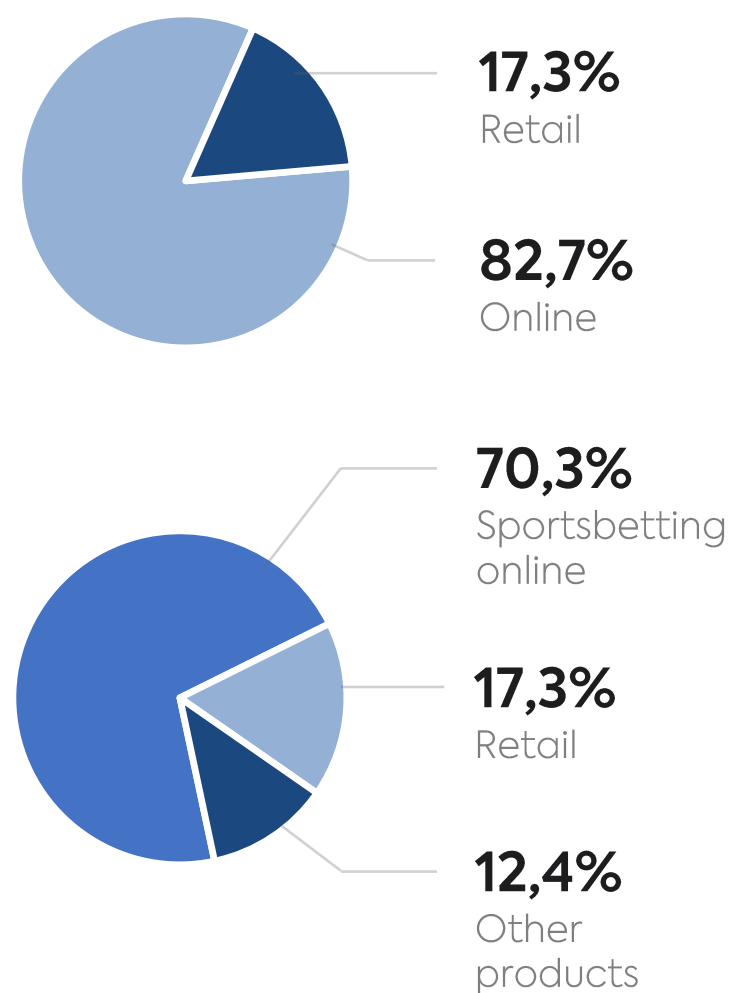


# Business update H1 2022



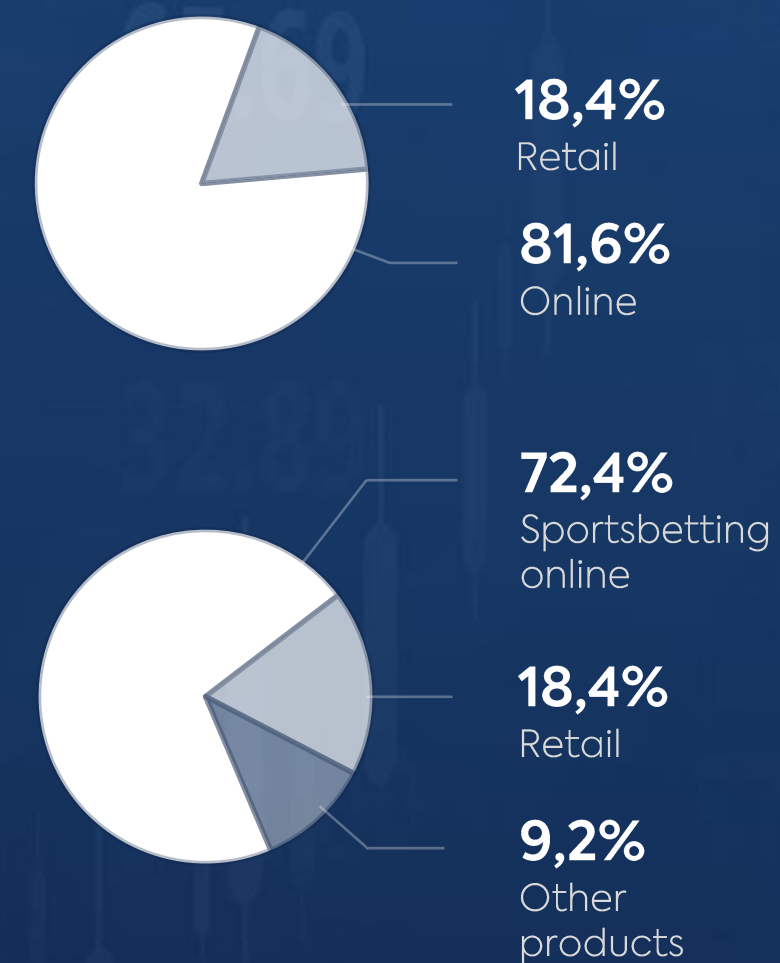
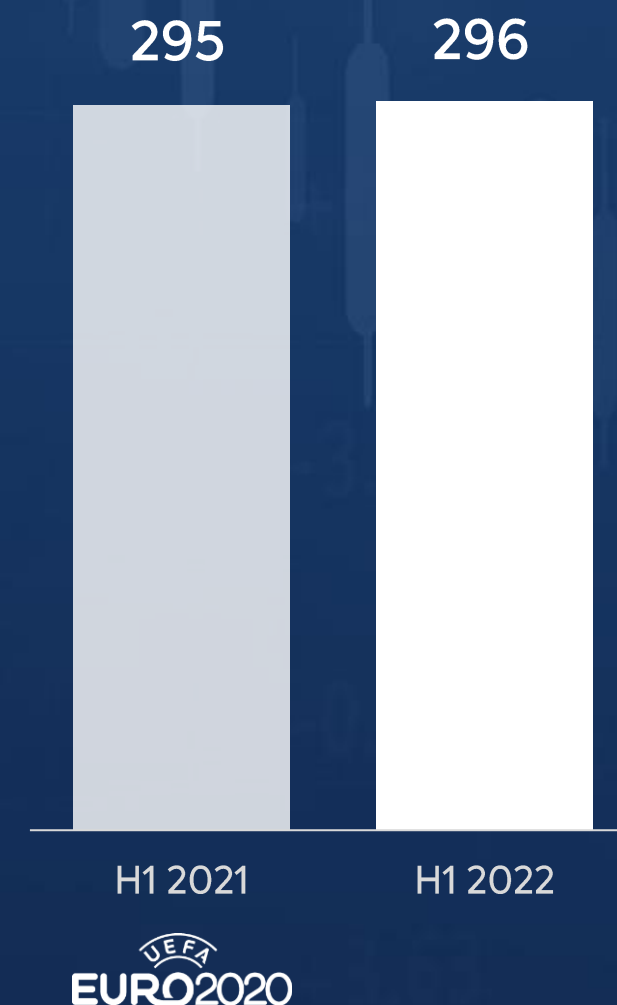
# GGR

PLN, m



# NGR

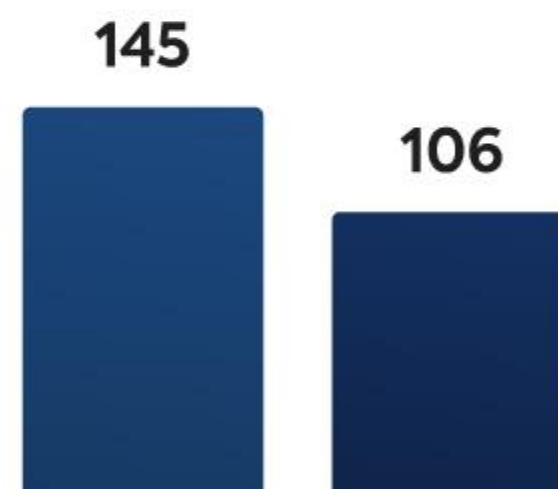
PLN, m





# Operating data

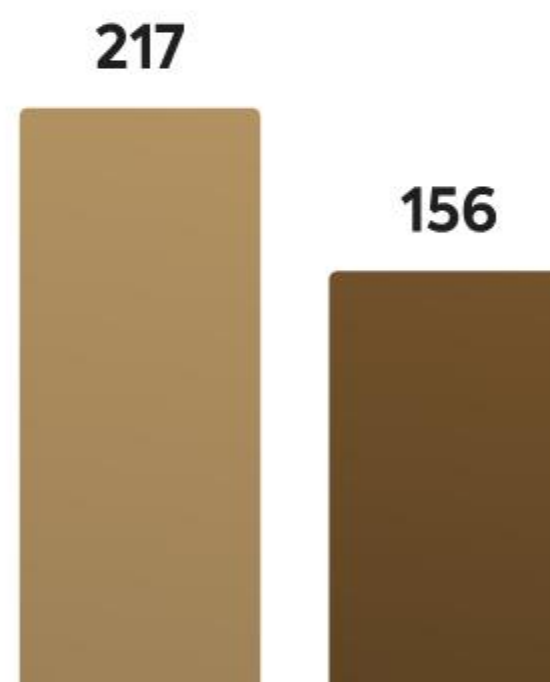
First-time deposit (k)



H1 2021

H1 2022

New registration (k)

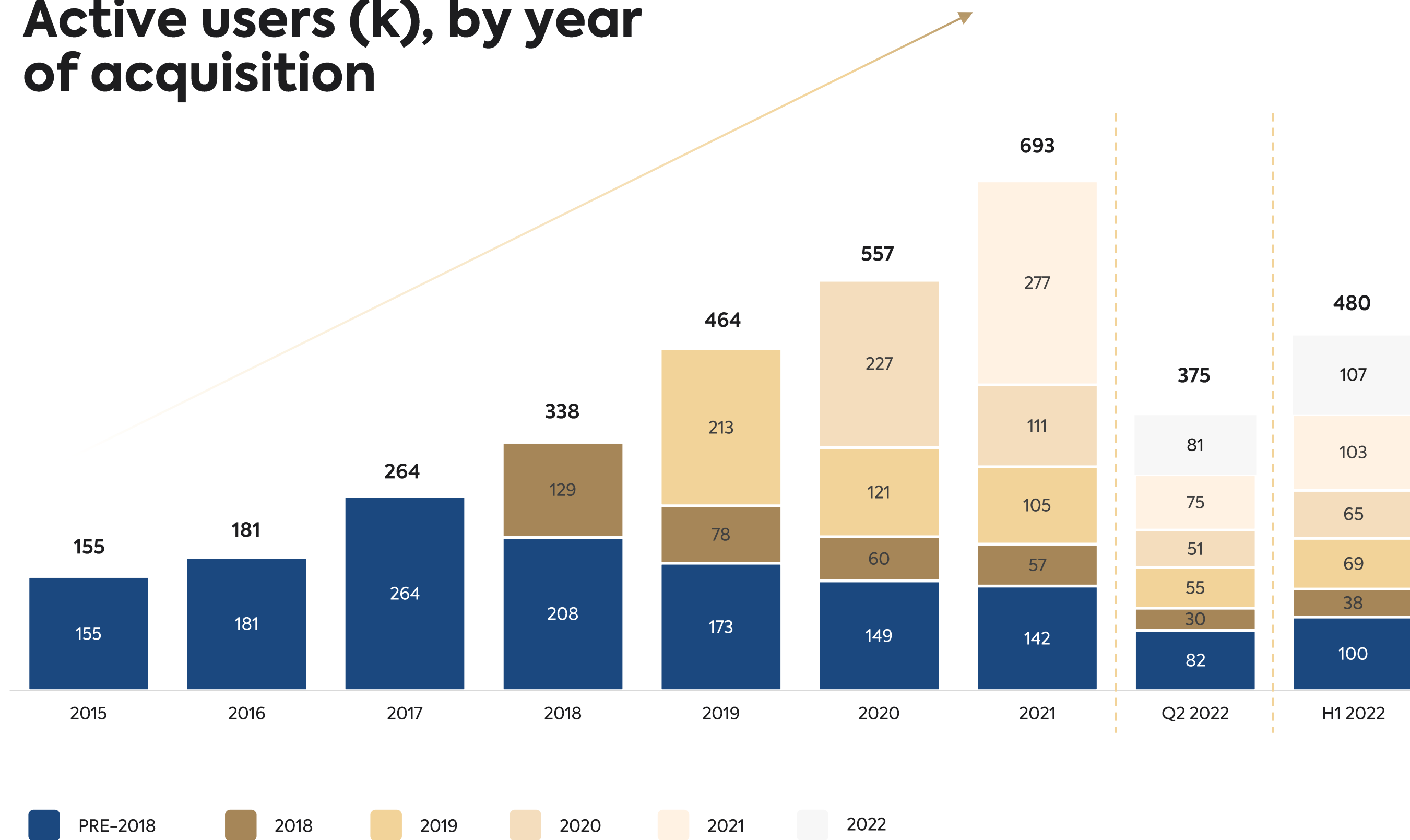


H1 2021

H1 2022



# Active users (k), by year of acquisition

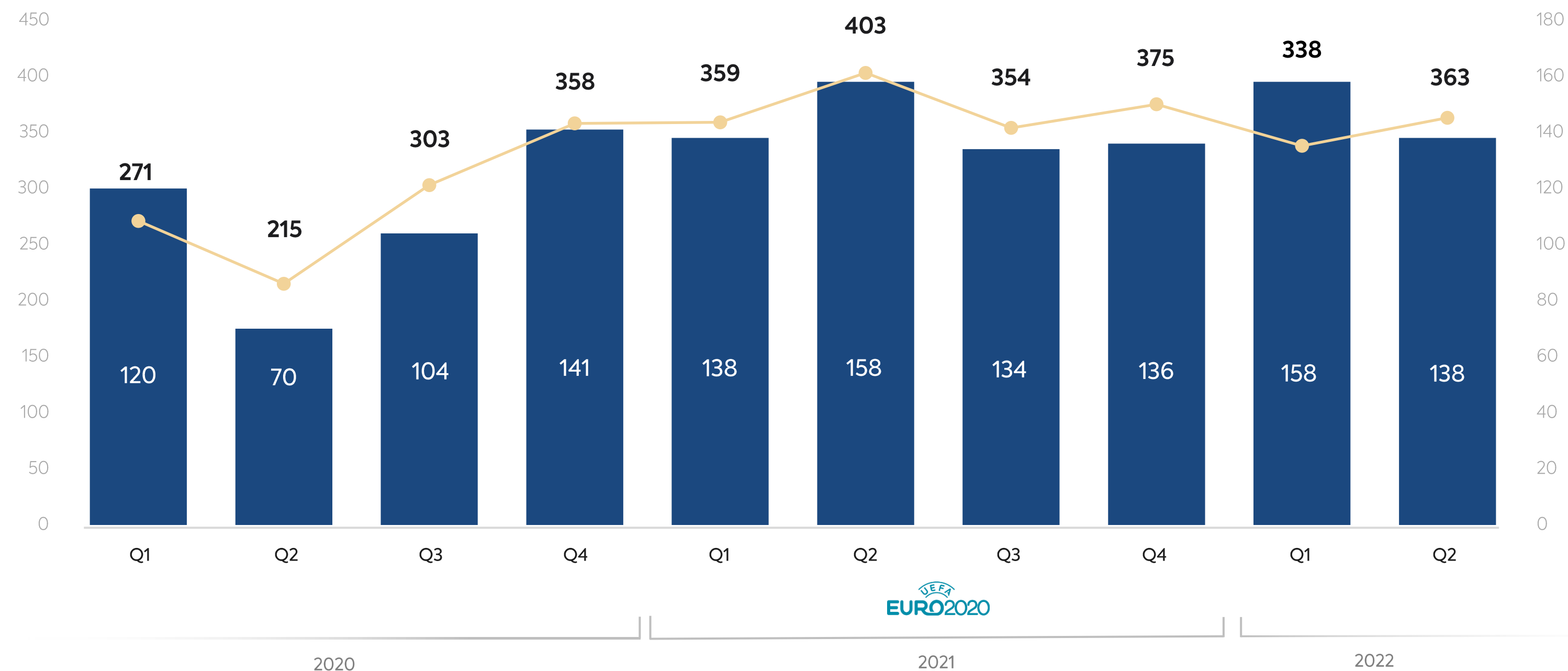


# NGR vs. number of active players

Quarterly NGR and online active users (Q1 2020 – Q2 2022)

■ NGR (PLN M)

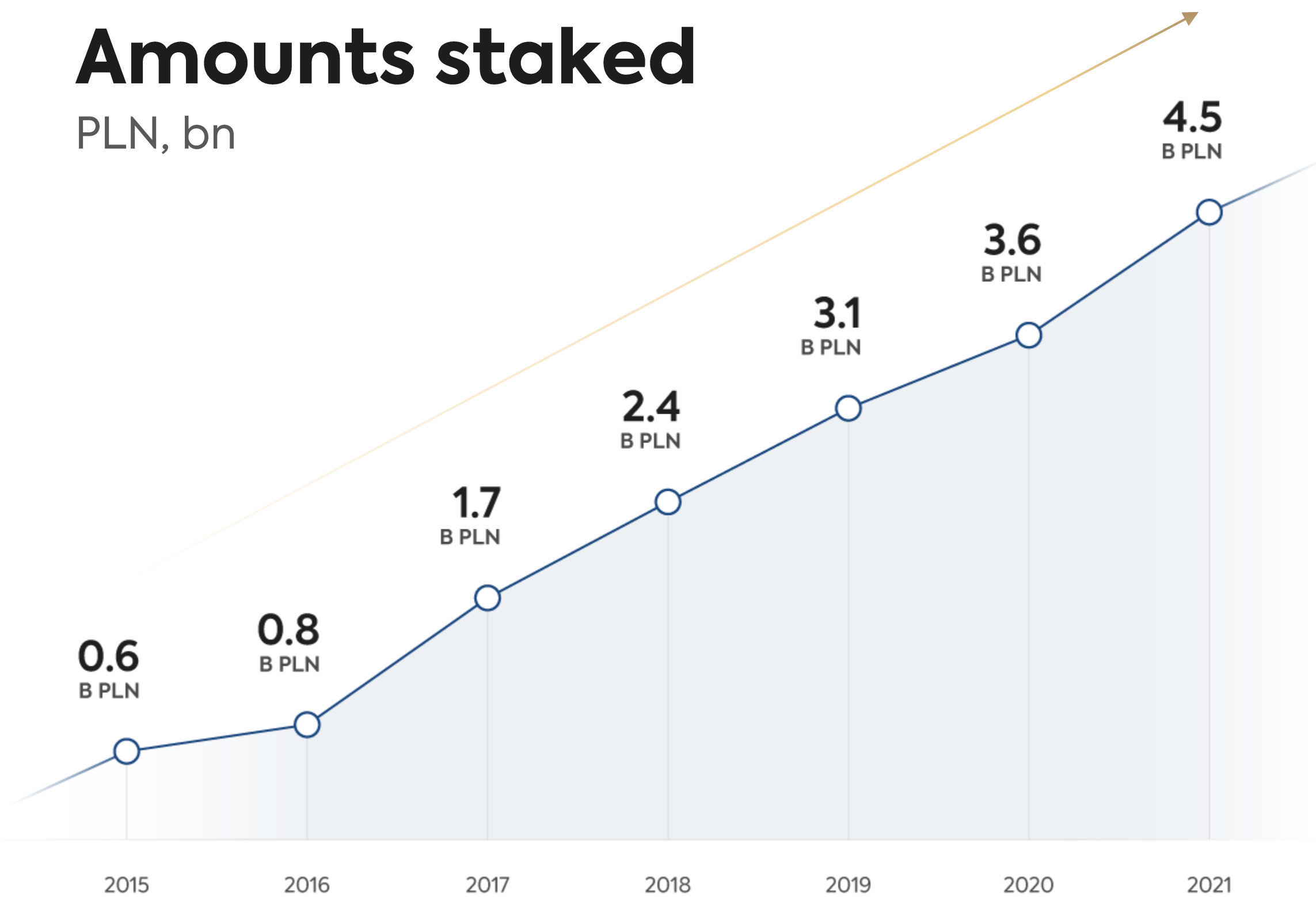
■ ONLINE ACTIVE PLAYERS (K)





# Amounts staked

PLN, bn



STS S.A.

STS Group

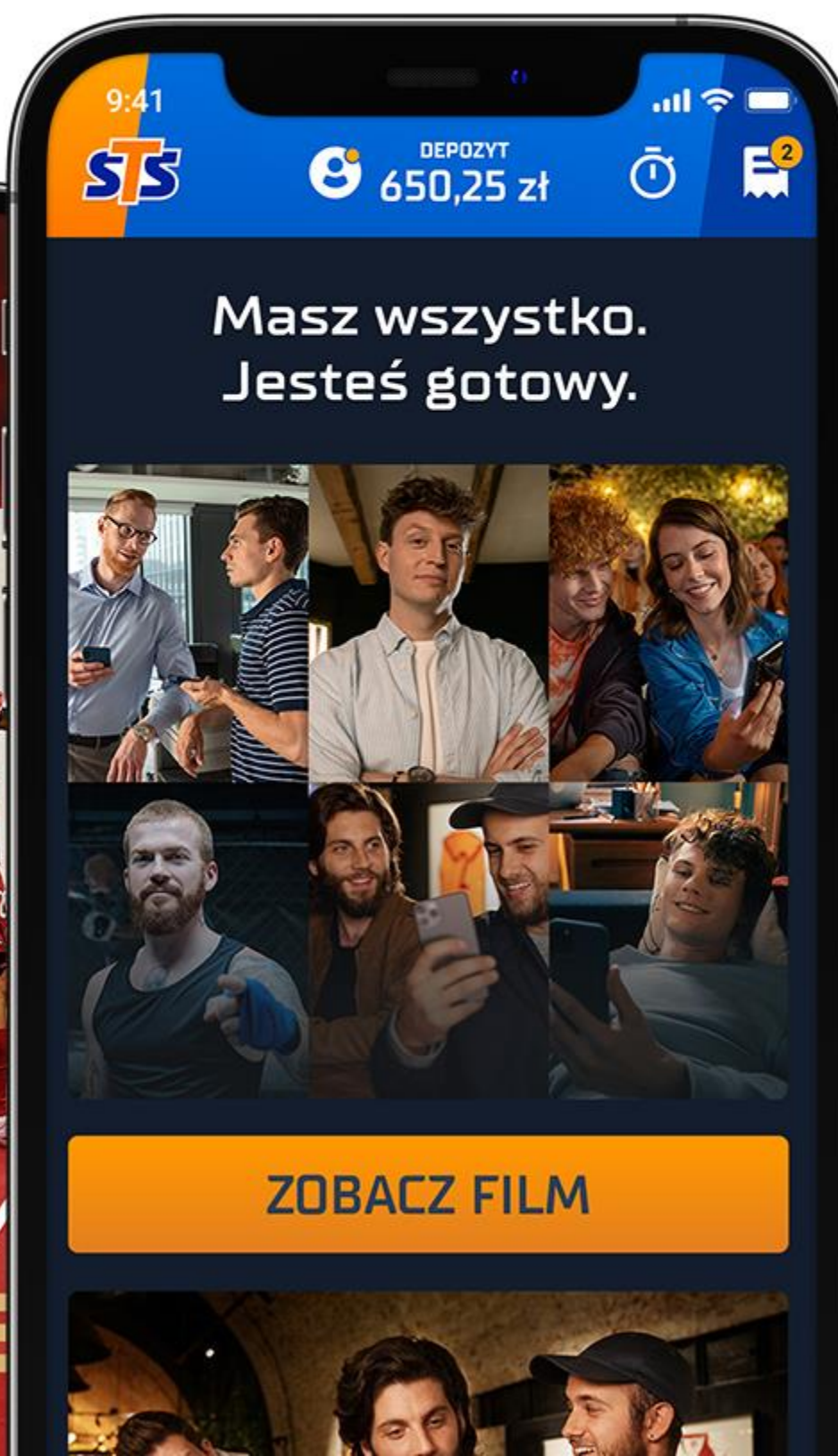


# What's new

Sponsorship  
of Widzew  
Łódź



## New Campaign

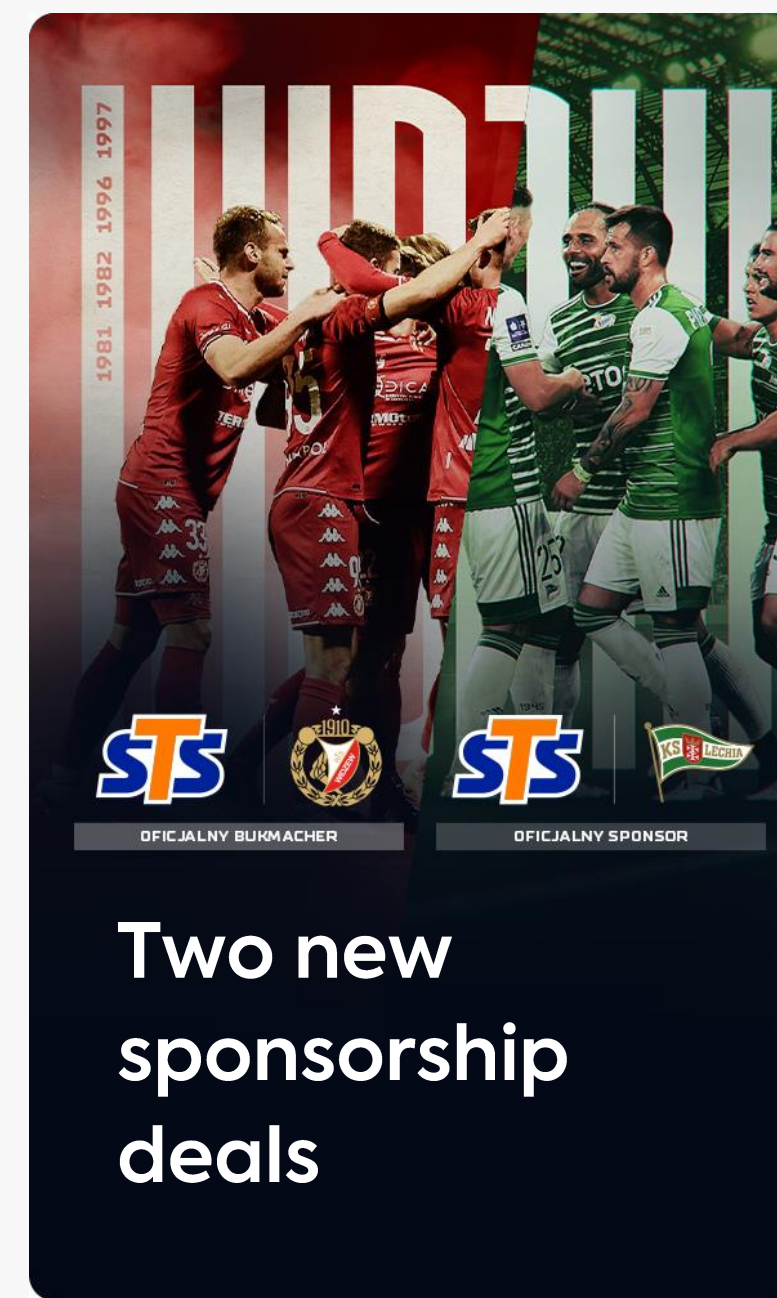
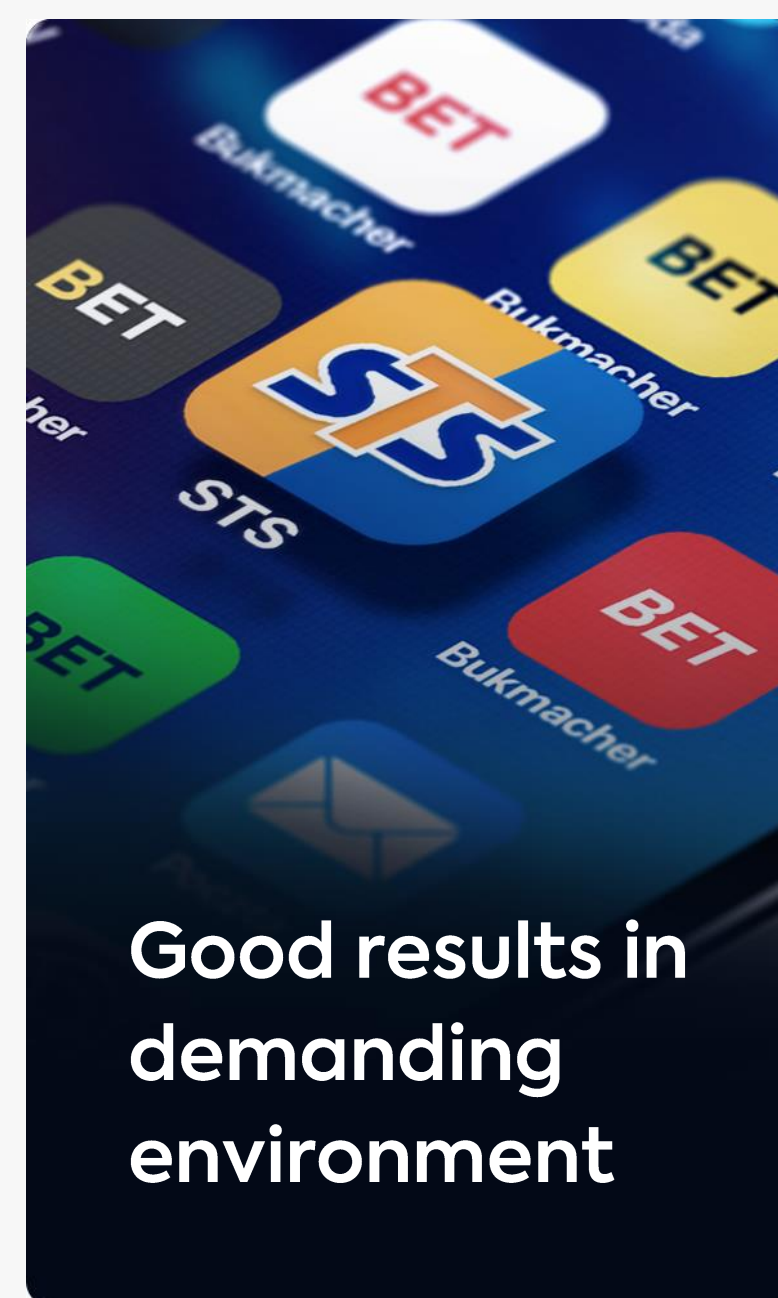
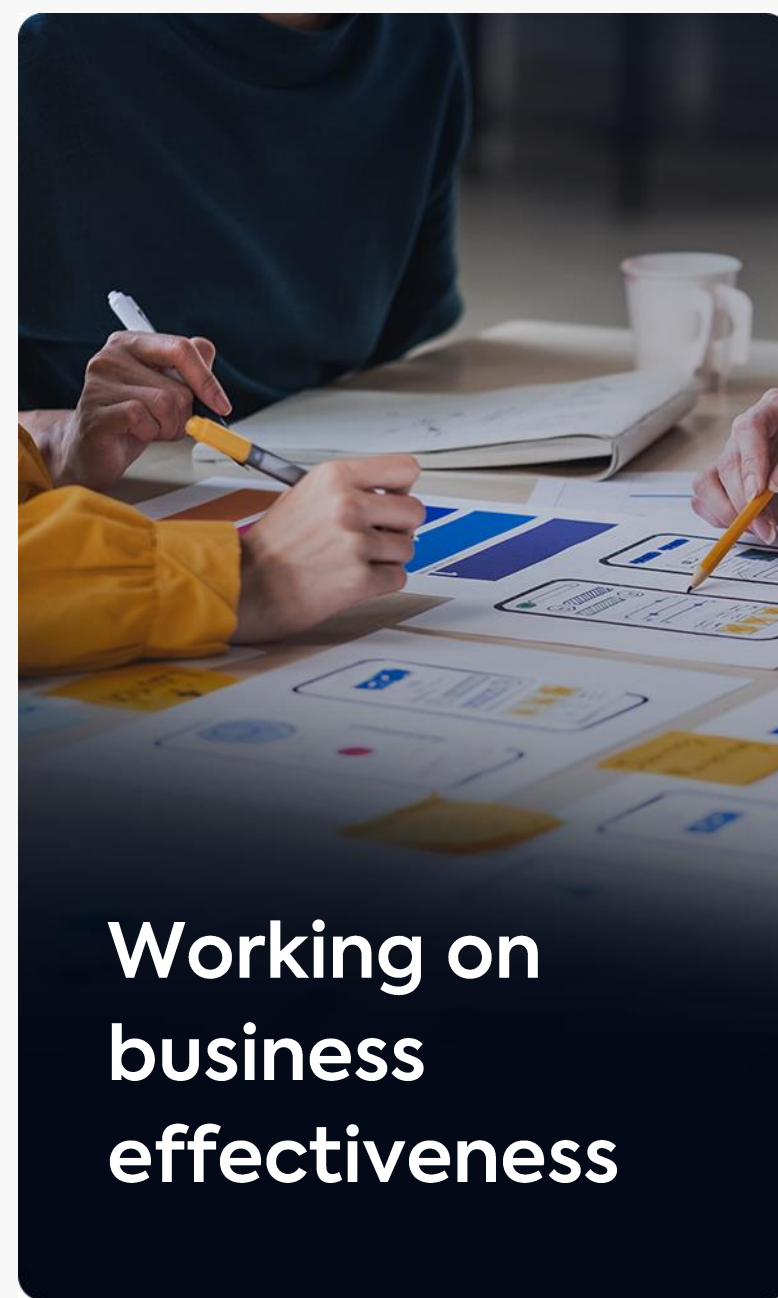
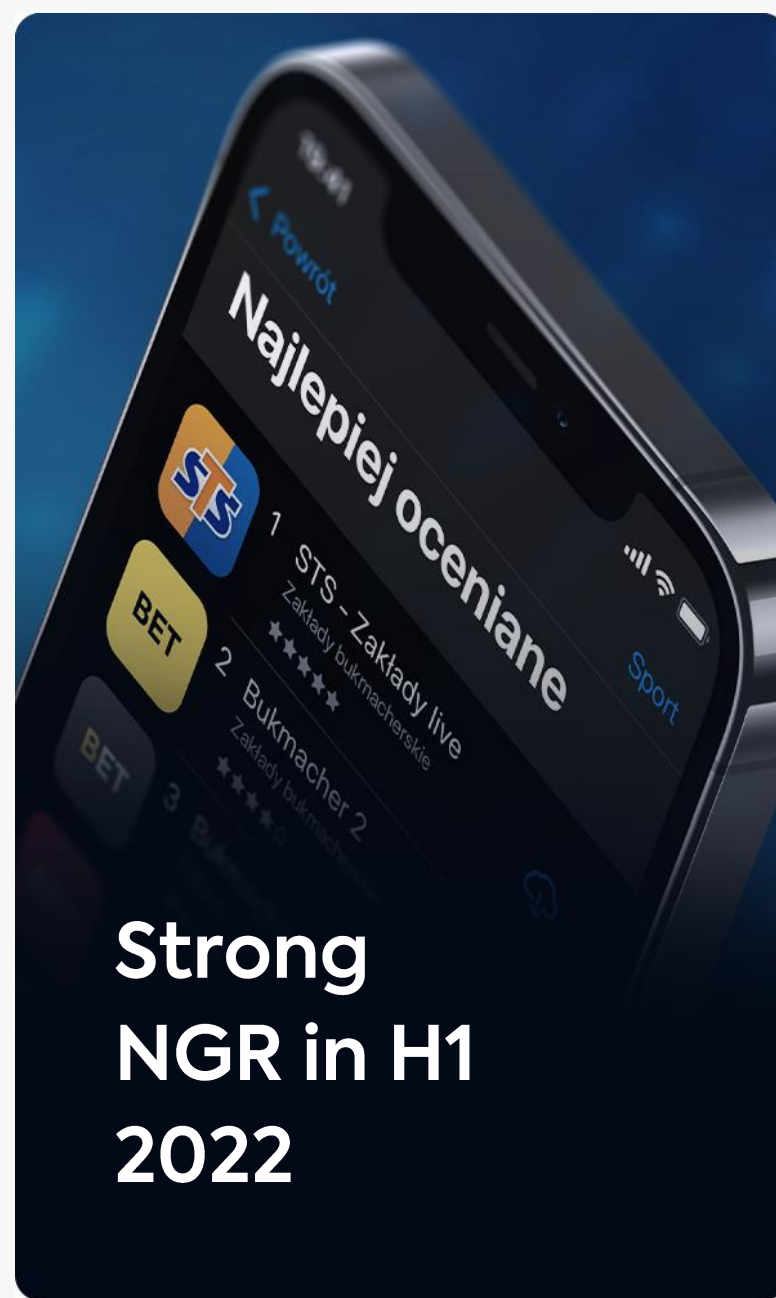


Sponsorship  
of Lechia  
Gdańsk





# Key takeaways







# Financial update H1 2022



# Financial highlights

PLN, m

## IFRS Revenues

**262**      **263**



H1 2021

H1 2022

## Adjusted EBITDA

**126**      **117**



H1 2021

H1 2022

## Net profit STS Group

**87**      **62\***



H1 2021

H1 2022

## Net profit STS S.A.

**101**      **83\***



H1 2021

H1 2022



# H1 2022 financial results

NGR to EBITDA breakdown H1 2022 vs. H1 2021

PLNm	H1 2022	H1 2021	(PLNmΔ)	(%)
<b>NGR</b>	<b>296</b>	<b>295</b>	<b>0,9</b>	<b>0,3%</b>
Less: Bonuses provided to customers	(33)	(34)	(0,5)	(1,4)%
Add: Other non-gaming revenue	0	0	(0,5)	(93,9)%
<b>IFRS Revenue</b>	<b>263</b>	<b>262</b>	<b>0,9</b>	<b>0,3%</b>
Consumption of materials and energy	(5)	(7)	(1,8)	(26,2)%
External services	(94)	(86)	8,3	9,7%
Employee payroll & benefits	(46)	(42)	4	9,4%
Other miscellaneous costs	(1)	(1)	(0,3)	(26,4)%
<b>Adjusted EBITDA</b>	<b>117</b>	<b>126</b>	<b>(9,4)</b>	<b>(7,4)%</b>
<b>% of NGR</b>	<b>39,4%</b>	<b>42,7%</b>		

**296**

NGR – H1 2022

**295**

NGR – H1 2021

**117**

Adjusted EBITDA – H1 2022

**126**

Adjusted EBITDA – H1 2021



# Continued cash generation and stable balance sheet

## Cash flow generation

PLNm	H1 2022	H1 2021
<b>Adjusted EBITDA</b>	<b>117</b>	<b>126</b>
% of NGR	39,4%	42,7%
Capex <sup>1</sup>	(17)	(10)
<b>FCF (EBITDA–Capex)</b>	<b>100</b>	<b>116</b>
% cash conversion <sup>2</sup>	86%	92%

## Balance sheet

PLNm	H1 2022	H1 2021
Cash & cash equivalents	198	121
Net operating working capital <sup>3</sup>	(154)	(114)
Total assets	325	231
Total liabilities	210	173
Total equity	115	58

- Consistent cash generation with EBITDA conversion approximately the 90% mark, despite continued investments for future growth.
- Compelling financial position underpinned by strong balance sheet in excess cash and stable working capital requirements.
- Strong cash-flow generation expected to deliver 100% dividend pay-out.
- PLN 238 mln capital reserves including cash PLN 198 mln and unused bank credit facilities PLN 40 mln.

**Group did not have any outstanding external loans and borrowings as of the end of H1 2022. On track to deliver 100% dividend pay-out, underpinned by strong cash-flow generation.**

NOTES:  
 1 – Capex includes spending on PP&E, intangible assets including software and technology development, and excludes acquisitions; 2 – Defined as FCF/EBITDA;  
 3 – Defined as Trade and other receivables and prepayments – Trade payables and other liabilities (incl. tax liabilities) – Liabilities to employees

# Key takeaways

**Stable NGR,  
EBITDA and  
margin**



**Strong  
balance  
sheet & cash  
generation**



**The dividend  
payment date  
was on August 26,  
2022, PLN 0,37  
per share, total  
amount:  
PLN 58 mln**



# Q3 business update



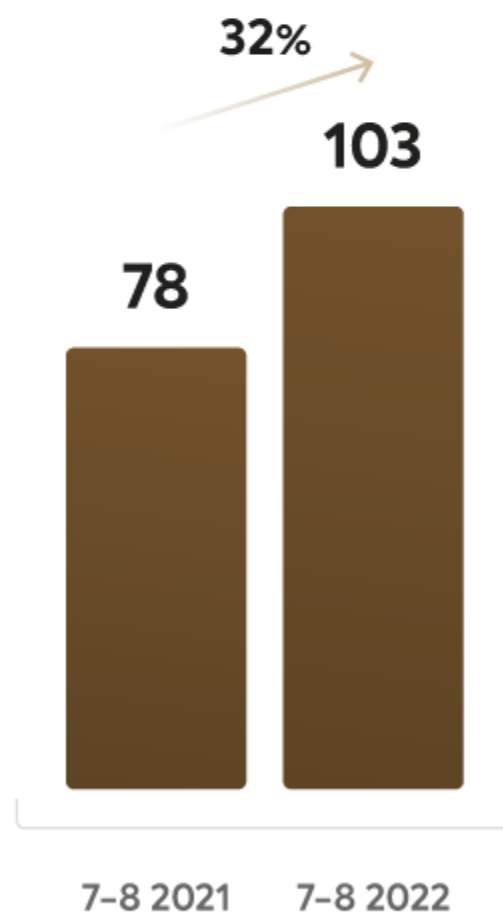


# July and August update

Amounts staked  
(PLN, m)



NGR (PLN, m)



Active users (k)



FTD (k)



Registrations (k)



# Interim dividend

**85 618 242**

Net profit STS Holding (PLN)



Possible interim dividend (PLN)

**42 809 121** (0,27 PLN per share)



# MJ Investments acquired shares of STH



**13.07.2022**

Date of transaction



**74474 shares**

Number of shares



**13,5 PLN**

Share price

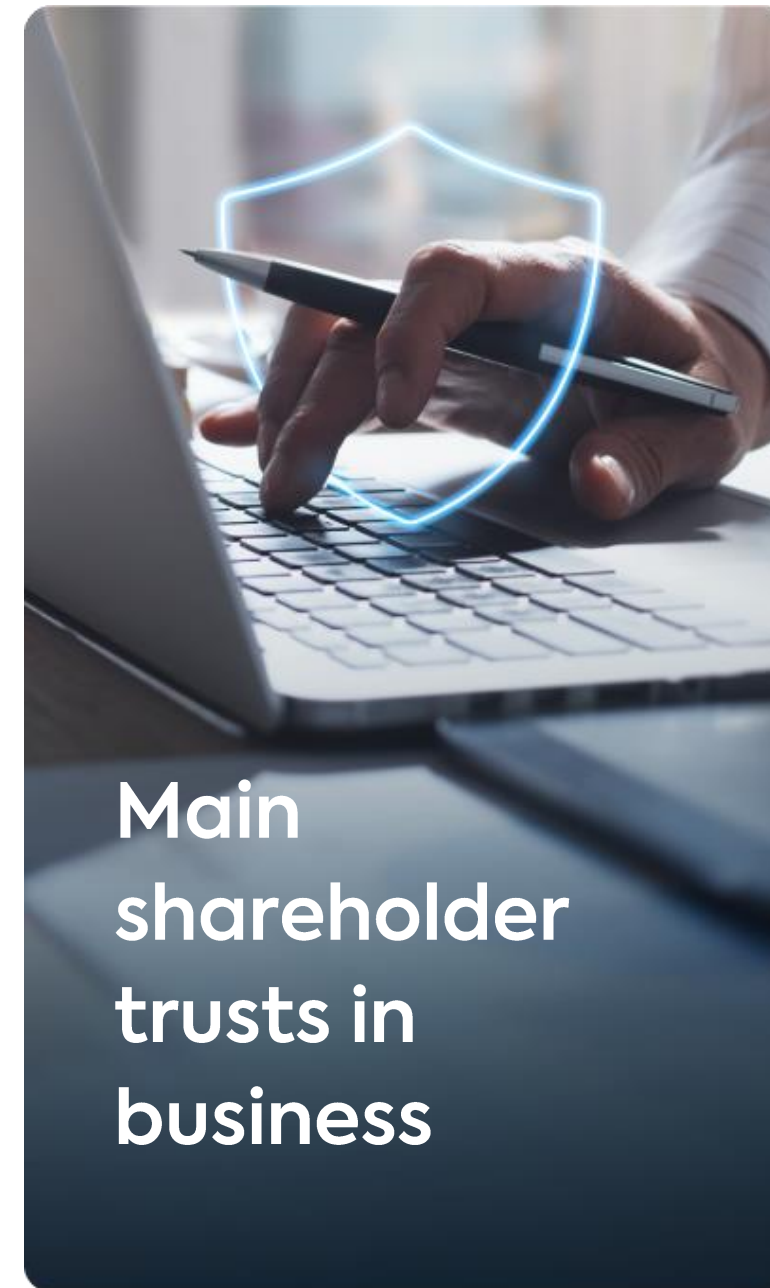
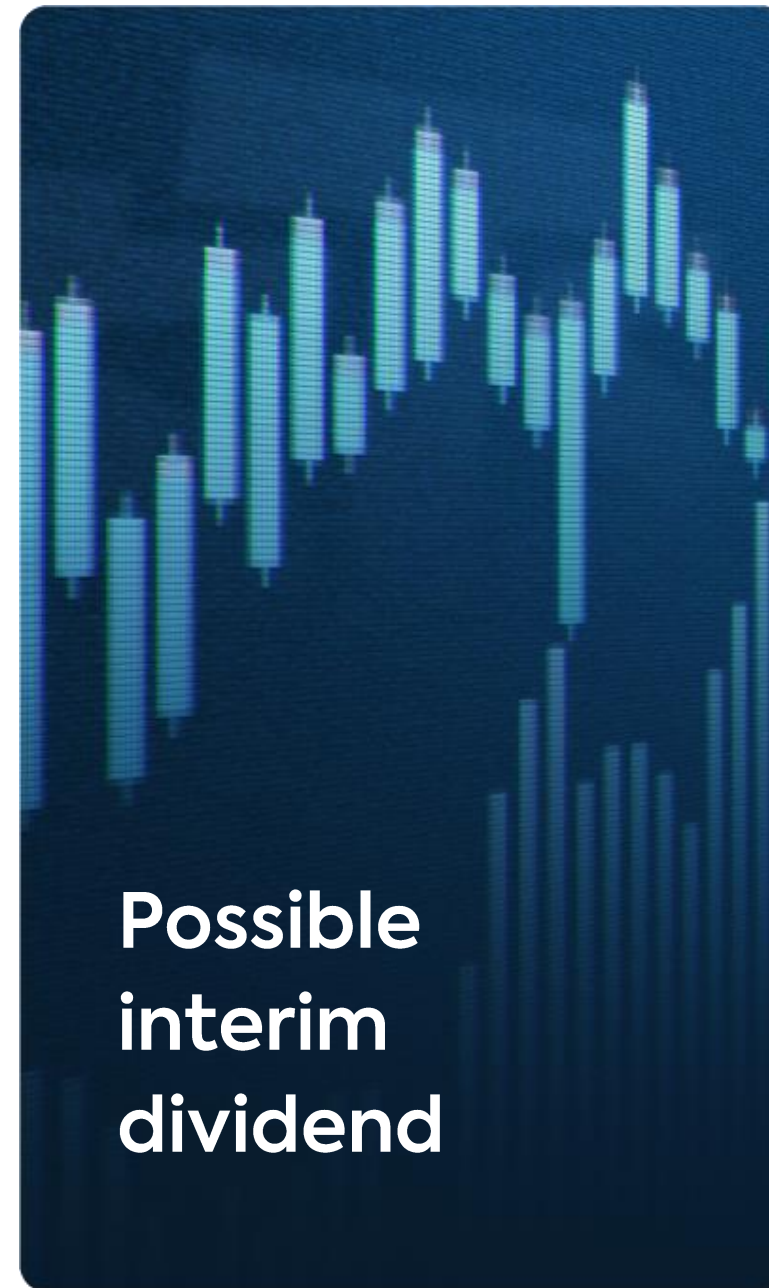


**1 005 399 PLN**

Total amount of transaction



# Key takeaways





**STS** HOLDING

**Q&A**



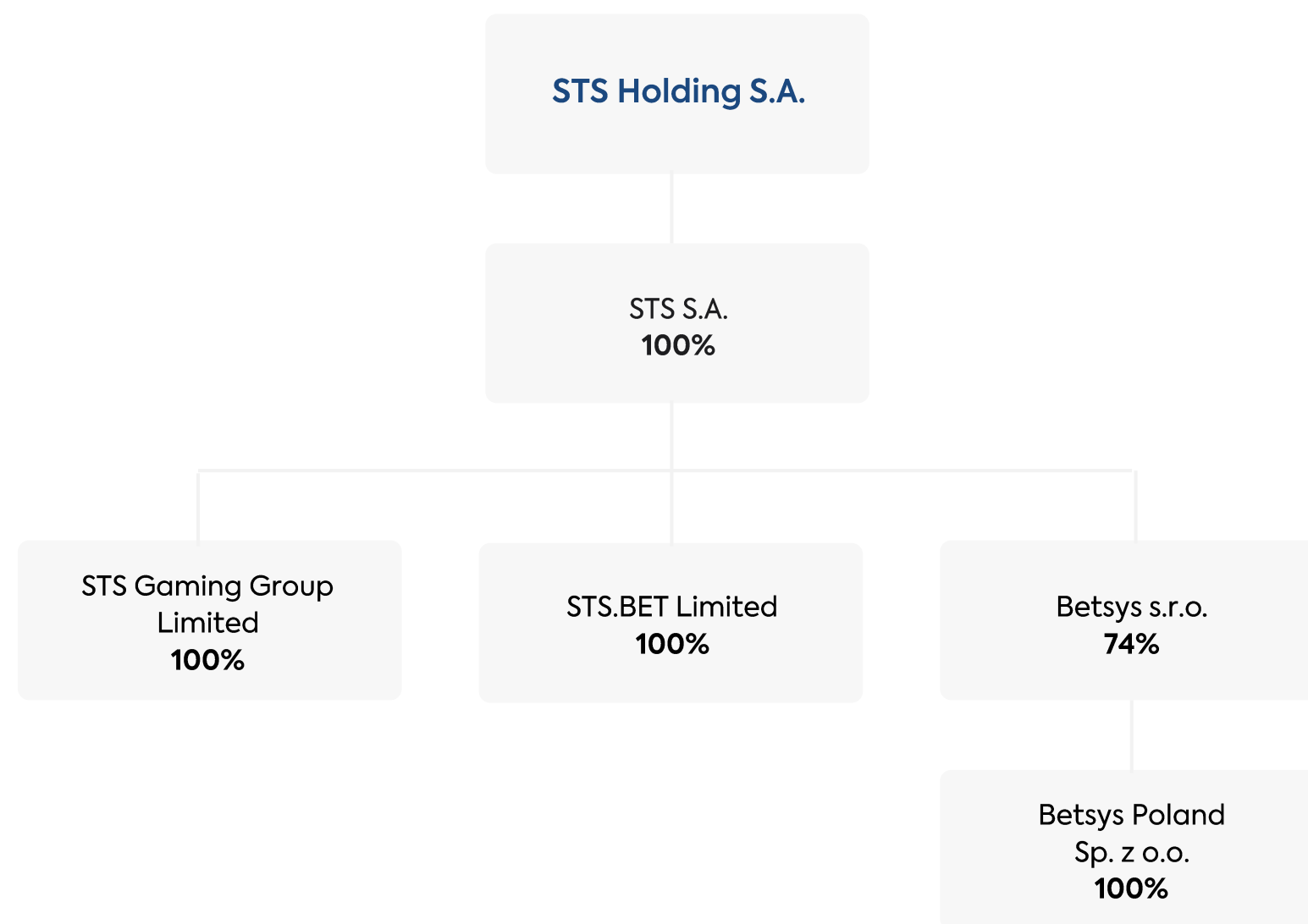


# Appendix – STS Group

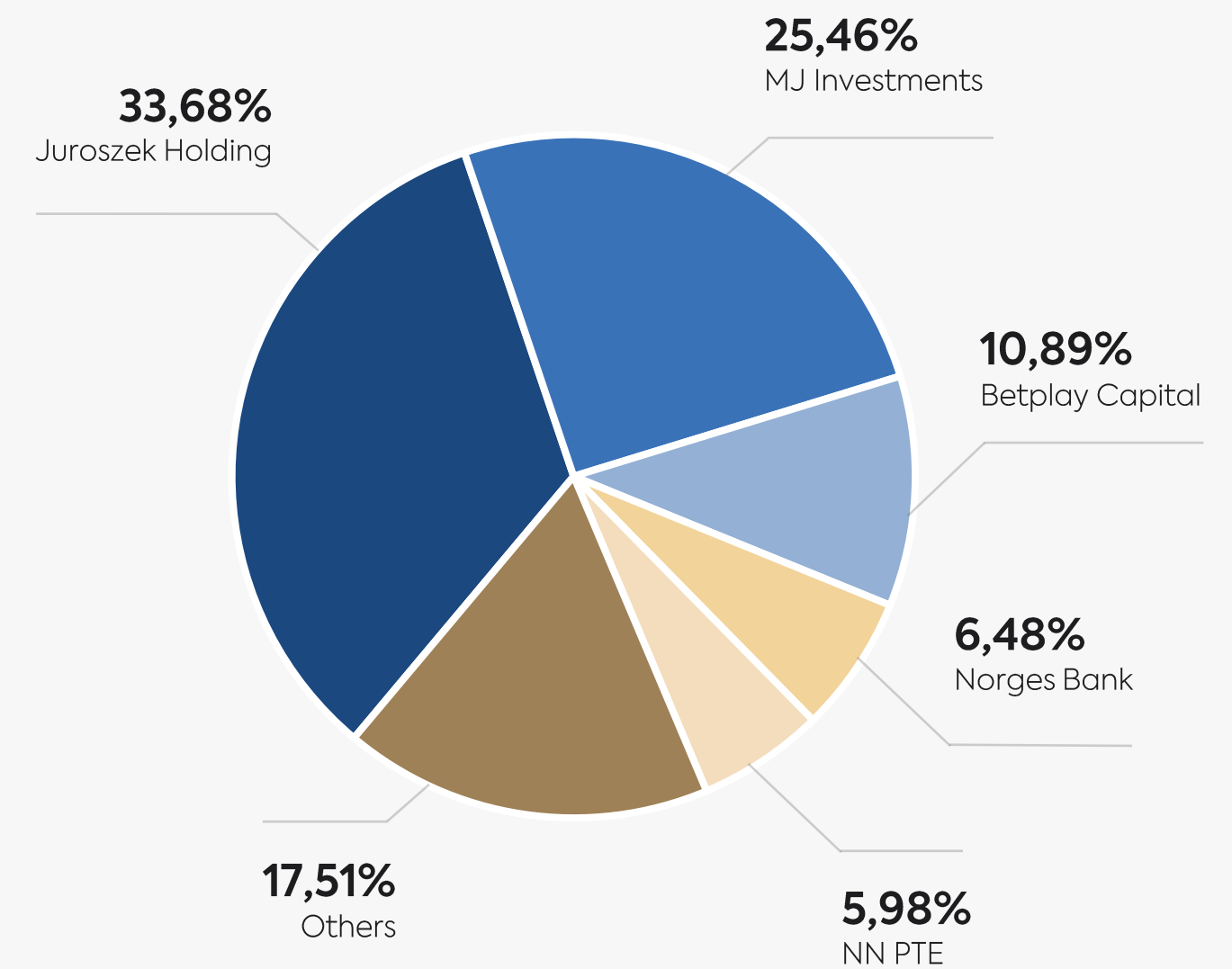




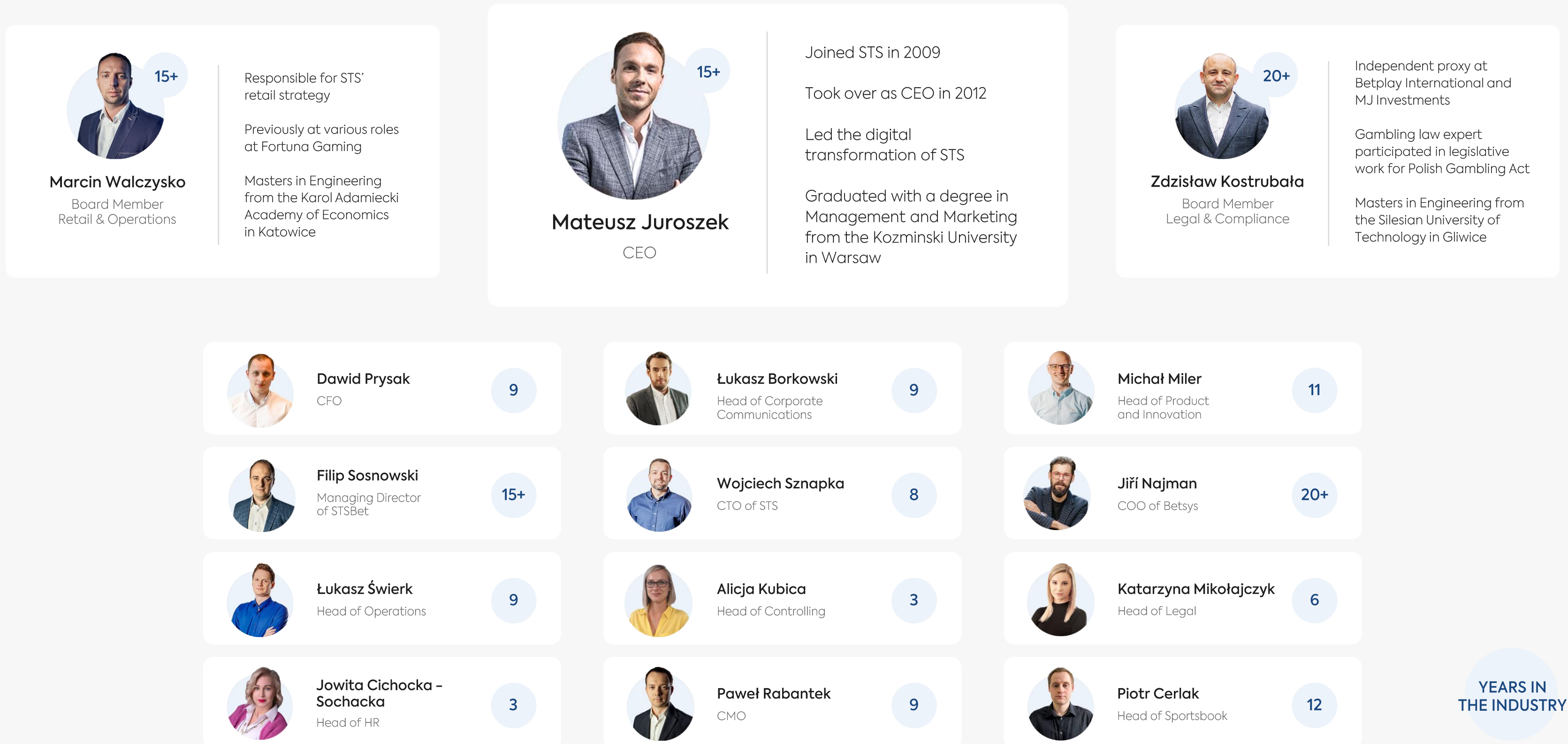
## Structure of the Group



## Shareholding structure

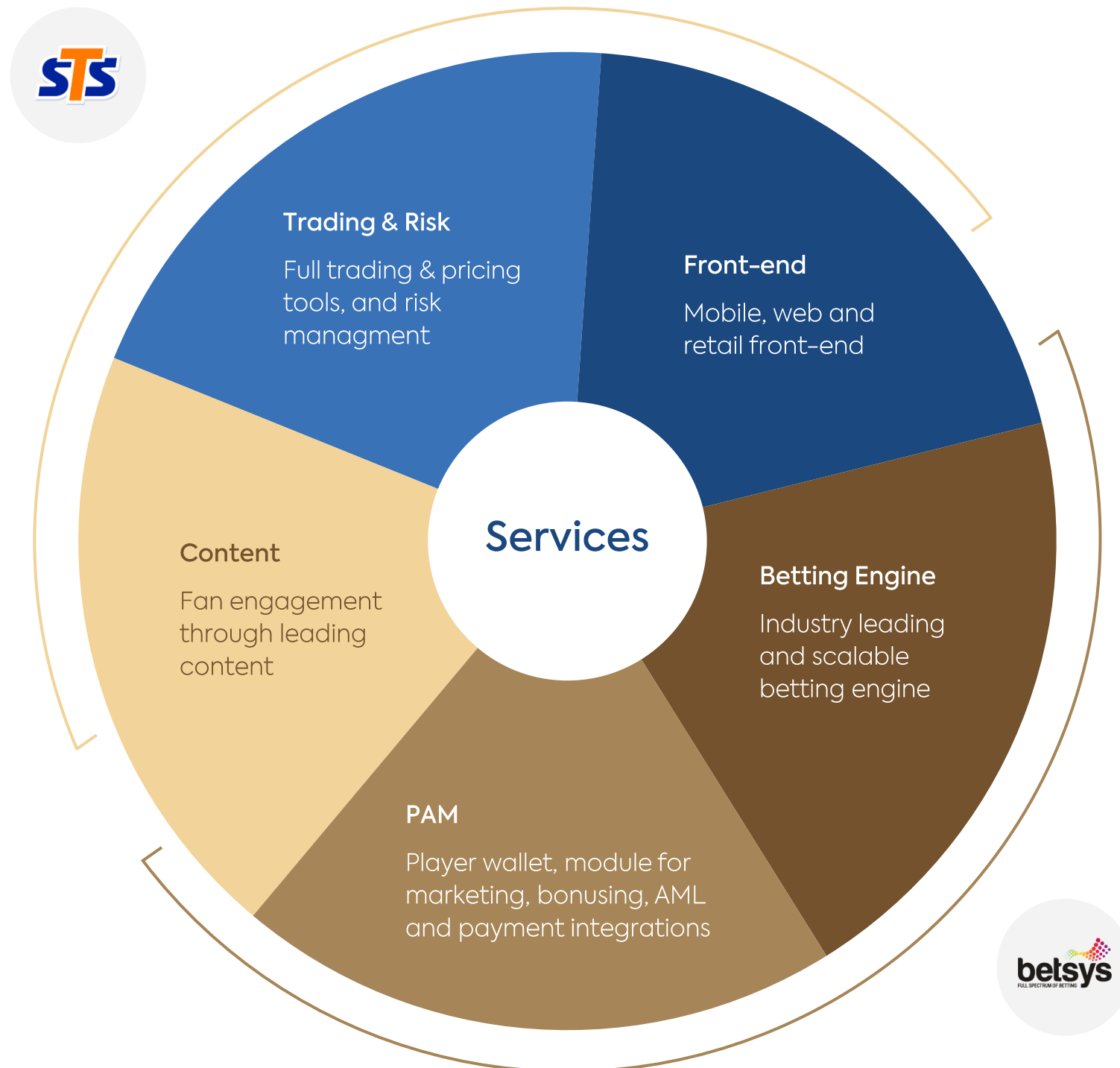


# Committed and high-tech focused management team with deep industry experience



YEARS IN  
THE INDUSTRY

## Full control over state-of-the-art vertically integrated technology



- In-house development of platform, web, native apps and retail solutions with an industry leading betting engine
- Acquisition of Betsys, Czech sports betting technology provider in 2020
- €18m invested in technology over last 4 years



**Creation of a modular tech architecture allowing for swift product upgrades and innovation**

**99.9%**

Betsys uptime

**c.160**

Tech staff<sup>1</sup>

**c.85**

Developers

**c.55**

Other tech FTEs

**c.20**

BI/BA FTEs<sup>2</sup>



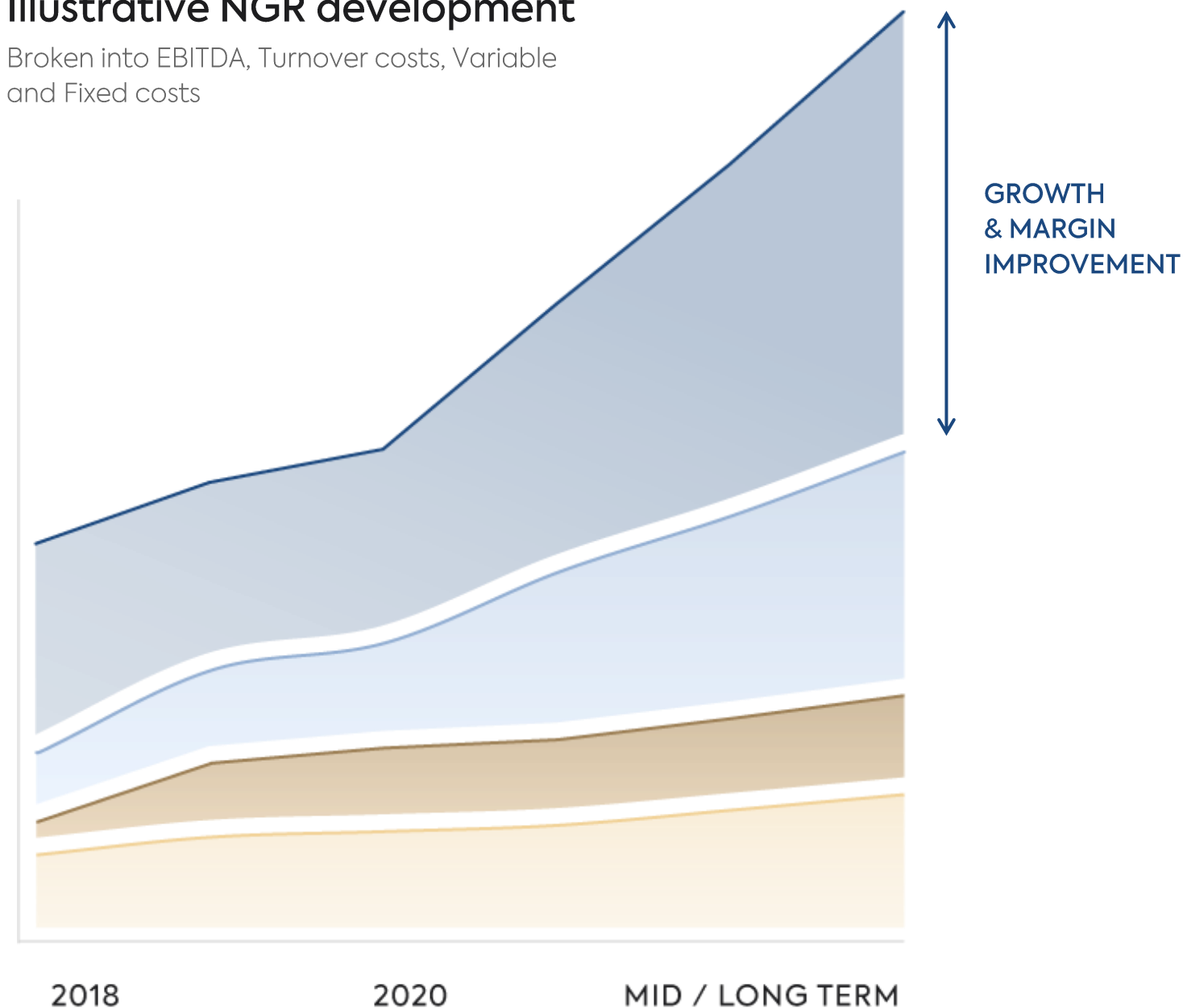
# Why STS is unique

	TYPICAL EUROPEAN GAMING PEERS	TYPICAL US GAMING PEERS	HIGH QUALITY EUROPEAN & US GAMING PEERS	
High potential and growing market	✗	✗	?	✓ >40% market share in Poland
High future revenue growth (20%+)	✗	✓	✓	✓ Low-mid 20s% mid-term <sup>1</sup>
Profitability today	✓	✗	?	✓ Ranging 40–53% 2018–2020
100% regulated revenue	✗	✓	?	✓ 99% in Poland <sup>2</sup>
Stable regulatory environment	?	✓	✓	✓ Gaming tax unchanged since 2009, license regime for onshore operators
Significant macro tailwinds <small>(including GDP growth and growing mobile penetration)</small>	✗	✓	✓	✓ 16% online market CAGR 2020–2026 <sup>3</sup> . Potential liberalisation of online casino?
No leverage	?	✓	?	✓ Historical growth funded organically

# Significant margin improvement as NGR grows

## Illustrative NGR development

Broken into EBITDA, Turnover costs, Variable and Fixed costs



### EBITDA

Significant margin improvement as NGR grows and fixed and variable costs remain stable.

### TURNOVER COSTS

Costs that are directly linked to, or incurred as an effect of, turnover (stakes):

- Sports coverage fees
- Fees to payment providers
- Marketing (bonuses, media, acquisition)
- Betting services (revenue share)

### VARIABLE COSTS

Costs that grow with turnover but at a slower pace:

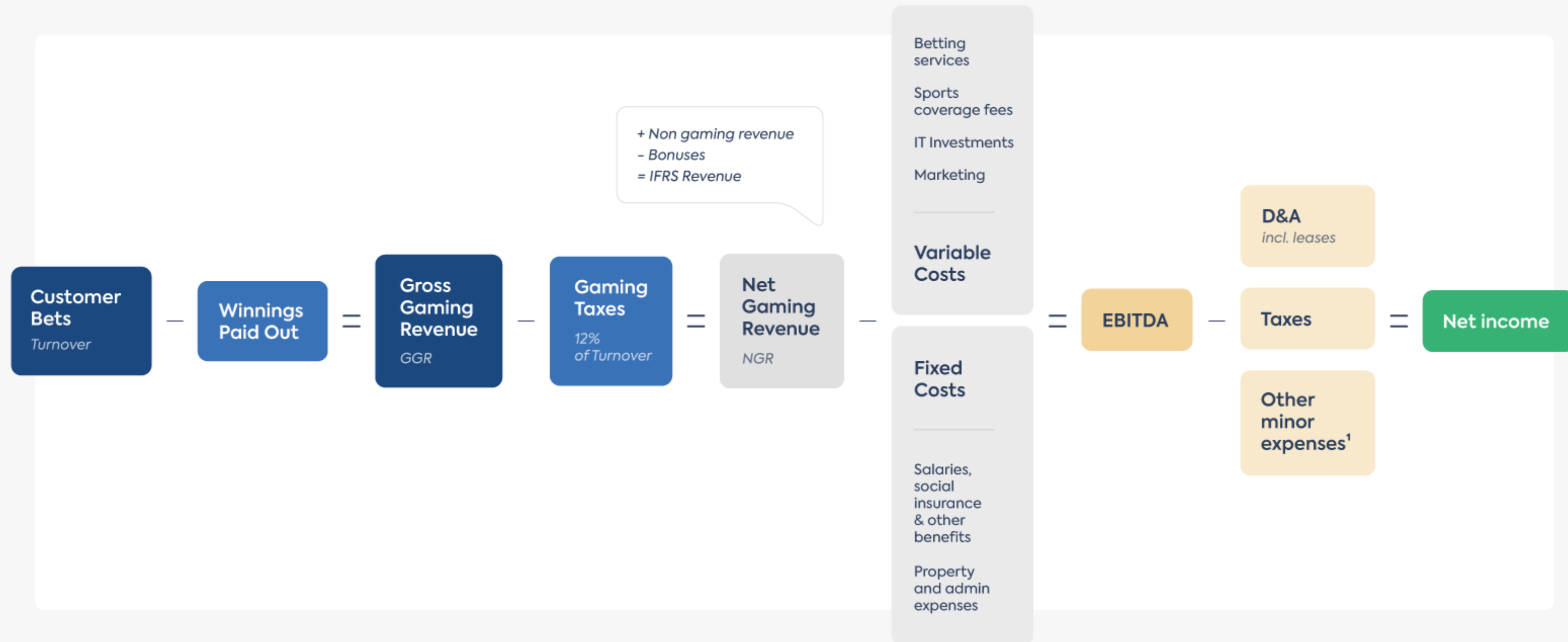
- Betting services (odds, streaming, statistics)
- Investments in technology
- Marketing (PR, sponsoring)
- Other variable

### FIXED COSTS

Costs that will remain stable as NGR grows, some increases driven by scaling staff numbers:

- Personnel costs
- Usage of materials and energy
- Property expenses (services)
- Costs of other retail services
- Other stable expenses

# STS Group financial model





# Appendix – regulatory environment



# Polish gaming regulatory position supportive of white market operations and ESG-compatible

## Key regulations:

- / **Registry of domains** to identify non-compliant accounts
- / **Prohibition of payment services** to unlicensed sites
- / **Restricted advertising** – licensed operators only and non-public except for mass events and in case of sponsorships
- / **Mandatory blocking of access** to illegal websites

*“The results of the analyses concerning the betting taxation model and its effective or budget-neutral change to the GGR model were presented to industry representatives in response to inquiries in this area or at industry meetings. There is currently no legislative work on the gaming tax being conducted.”*

Ministry of Finance press office, November 2021

## Regulatory authority:



Ministry of Finance as the regulatory authority

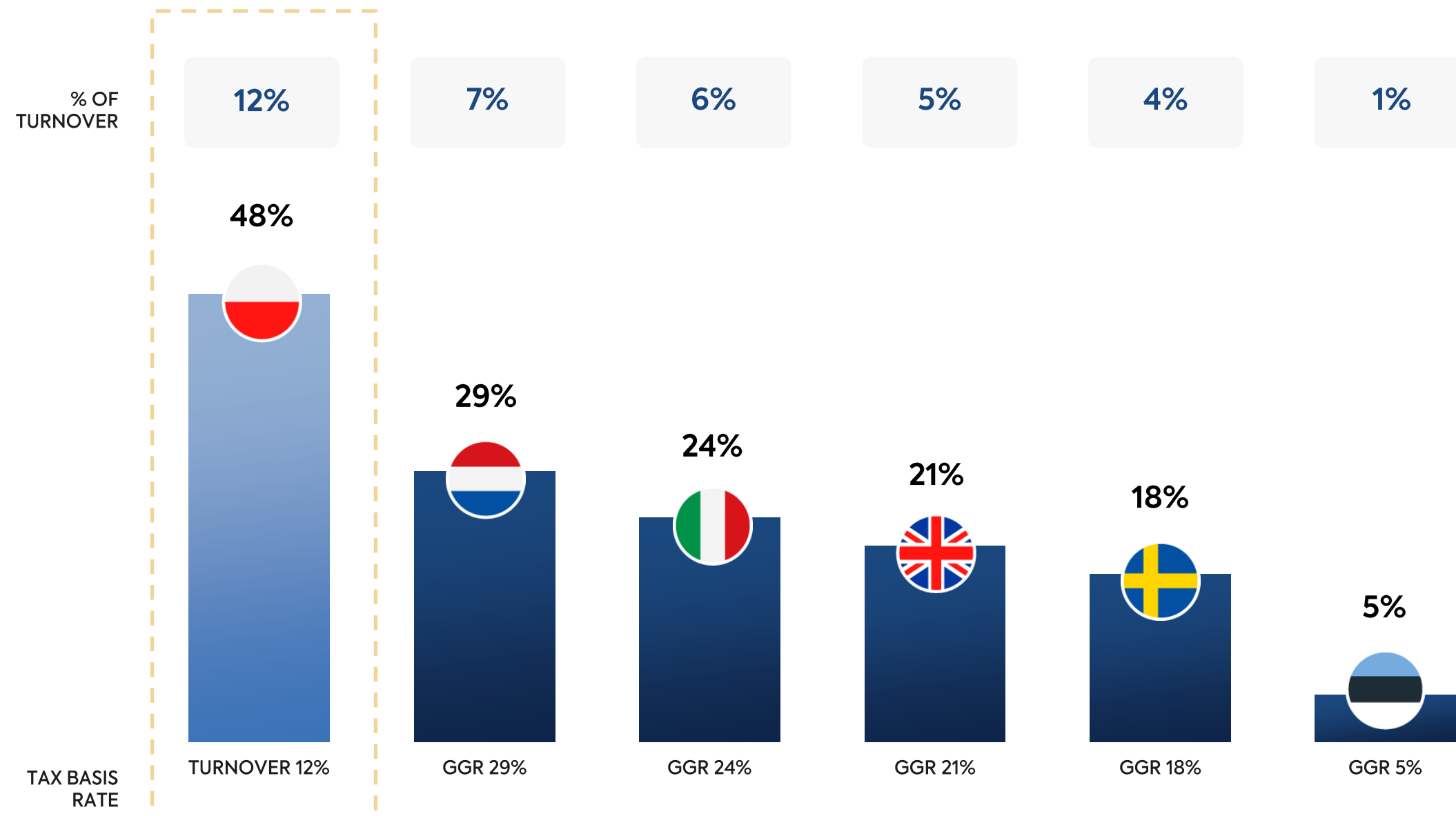


National Revenue Administration (NRA) runs day to day supervision



## Polish gaming tax is among the highest in Europe, creating barriers to entry

STS Gaming tax as % of GGR (PLNm)<sup>1</sup>



- Stable tax rate since 2009.
- One of the highest gaming tax rates in Europe with limited risk for increases.
- In addition, fees are paid to the Polish Football Association (0.5% of turnover) to publish results of sporting events.
- Significant income generated to the state with incentive to privatize iGaming from current state monopoly.

# Regulatory outlook

## Taxation

Ministry of Finance doesn't work on any changes.

## Casino Online

Liberalization beneficial for both operators and the State Treasury.

## Grey Market

30-40% of turnover in grey market.







**STS** *HOLDING*